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SEC Adopts Rule to Update Definition of Qualifying Venture Capital Funds

Rule inflation adjusts the dollar threshold to be considered a qualifying venture capital fund

FOR IMMEDIATE RELEASE | 2024-102

Washington D.C., Aug. 21, 2024 — The Securities and Exchange Commission today adopted a rule that updates the dollar threshold for a fund to qualify as a “qualifying venture capital fund” for purposes of the Investment Company Act of 1940. The rule updates the dollar threshold to \$12 million in aggregate capital contributions and uncalled committed capital, up from the original threshold of \$10 million.

Qualifying venture capital funds are excluded from the Act’s definition of an “investment company.” The Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 requires the Commission to index the dollar amount for this threshold for inflation once every five years.

New rule 3c-7 implements this statutory directive and adjusts the dollar amount to \$12 million dollars, based on the Personal Consumption Expenditures Chain-Type Price Index. The rule also establishes a process for the Commission to make future inflation adjustments to the threshold every five years.

The rule will be effective 30 days after publication in the Federal Register.

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Last Reviewed or Updated: Aug. 21, 2024

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